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Real Estate Sales Are Not at Top Of RTC's List

By BARBARA A. REHM

WASHINGTON — A day after releasing his agency's grand plan for running the thrift industry rescue, Daniel P. Kearney admitted there is some confusion about just which assets the Resolution Trust Corp. will be able to sell quickly.

"People shouldn't make the leap that because we have $104 billion in assets it's all real estate," Mr. Kearney, president of the RTC Oversight Board, said in an interview Thursday.

NEWS ANALYSIS

Indeed, first on the agency's quick-sale list are assets other than real estate, such as government securities, mortgage-backed securities, and mortgages. These assets make up at least $50 billion of the $104 billion total.

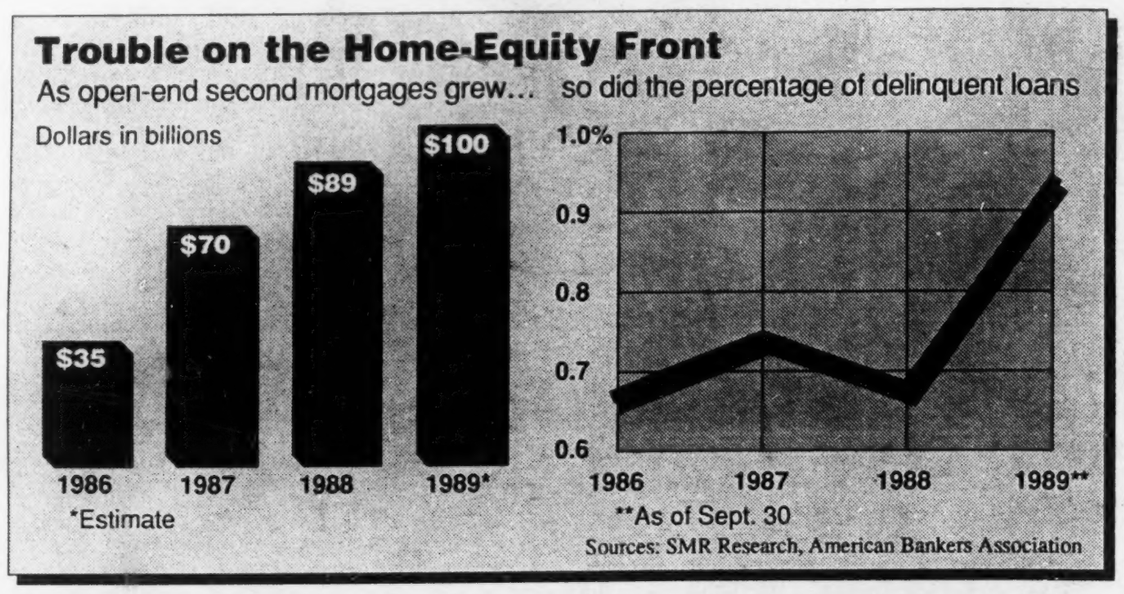
There is a ready market for the government securities and the mortgage-backed securities. And the Oversight Board currently is working on a deal with the Federal National Mortgage Association to guarantee the mortgages, Mr. Kearney said. Once backed by Fannie Mae, the securitized mortgages could be sold easily.

Contradicts Reports

Mr. Kearney predicted that most of the $50 billion in marketable assets will be sold within the year, as well as some real estate. He contradicted newspaper reports Thursday that quoted him as saying the RTC hopes to sell about $10 billion in seized thrift assets by 1992.

The confusion arose because Mr. Kearney declined to estimate asset sales volumes at a press conference Wednesday, and was then asked if 10%

See RTC: Page 7 ➤



Home-Equity Lending Tightens As Property Values Head Down

By YVETTE D. KANTROW

NEW YORK — After a three-year marketing push that made home-equity loans one of the most popular forms of consumer credit, bankers are beginning to tighten lending standards to protect against declining property values.

Delinquency rates on the estimated $100 billion in home equity lines of credit are already on the rise, particularly in economically hard-hit areas of New England and the Southwest. The trend is prompting lenders to emphasize borrowers' ability to repay rather than their homes' appraised values.

At the end of the third quarter of 1989, 0.93% of open-end home equity lines were at least 30 days past due, according to the American Bankers Association. While this delinquency rate is low compared with other types of consumer loans, it had risen by one-third from the 0.68% rate at 1988's end.

Lenders 'More Selective'

"There has been some tightening of some policies that is due to the northeastern scare, which is yet to be shaken out," said Paul Fritts, director of the division of supervision at the Federal Deposit Insurance Corp. "Those that are in the business will not stop making loans, but they may become more selective."

Most lenders remain confident that home equity loans, because they are secured by residential property, will continue to be among their safest and most profitable assets.

"It's an excellent loan for a bank to make," said James Maynor, president of First Union Home Equity Corp., Charlotte, N.C. In addition to giving a lender high-yielding assets, home equity loans are considered a primary source of cross-selling opportunities.

But some observers are more bearish. HSH Associates, a publisher of mortgage market information, is predicting that lenders will start to flee the home equity business in 1990.

'Things Are Slowing Down'

"It's not going to be a massive trend, but things are slowing down," said Paul Havemann, vice president of the Butler, N.J., firm. "Home equity is not the pot of gold everyone thought it was."

HSH surveys home equity lenders

See ABILITY: Page 6 ➤

Fed Set to Flag Banks Showing Big Cash Flows

Program Seeks to Thwart Drug-Money Laundering

By ROBERT M. GARSSON

WASHINGTON — In an effort to help law enforcement agencies spot money launderers, Federal Reserve Board Chairman Alan Greenspan said the central bank would start identifying individual banks that generate large cash surpluses.

The new program is being developed in response to a request by Rep. Frank Annunzio, D-Ill., chairman of the House Banking subcommittee on financial institutions. In a Nov. 27 letter, Mr. Annunzio said the large cash surpluses at some Fed branches are an indicator of illegal activity. He urged the central bank to develop a system to monitor cash flows on a bank-by-bank basis.

"It is a cash flow polluted by drug money," he said.

Cooperation Noted

Mr. Greenspan, in a letter to Mr. Annunzio released Thursday, said his agency had initiated "a program of closer cooperation" with enforcement agencies, in particular, with Treasury's Financial Crimes Enforcement Center.

"Detailed procedures have not been established – including for example, when, how, and by whom depository institutions would be contacted about unusual currency activity," he said. "But I am confident that a more effective program will emerge from this effort."

The initial reaction from the banking industry was positive. "The concept of getting us more information on cash

See FED: Page 12 ➤

Today

The son of Charles H. Keating Jr. testified that he often signed off on deals he was unfamiliar with while serving as a $900,000-a-year executive at an investment unit of Lincoln Savings. 2

Fleet/Norstar was reported to be negotiating to acquire the embattled Bank of New England Corp. 2

In dividing up the duties of president, Chemical Banking Corp. turned to two old hands who have been associated with the company since 1957. 2

Texas American Bancshares sold key assets to Dallas banker Ronald Steinhart, ending a legal battle with federal regulators. 7

Harris Trust and Savings decided to sever ties with the Leo Burnett Co., its longtime ad agency. 2

Inside Financing 12
International 3
Mortgages 9

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Global View

Argentine Banks End 6-Day Closure

BUENOS AIRES — Banks and exchange rate dealers opened Thursday for the first time in six days after the Peronist government ordered drastic monetary reforms to reduce the amount of currency in circulation.

The Buenos Aires bourse will remain closed till Tuesday due to the monetary restrictions, a Bourse communique said.

Economy Minister Antonio Erman Gonzalez announced Monday that the government will give depositors long-term, dollar-denominated bonds for their short-term deposits.

Foreign bankers estimated that short-term liabilities totaled about 80% of their overall liabilities and expressed concern that they would be unable to collect on their loans.

The new anti-inflation measures are intended to make the Argentine currency, the austral, scarce and to strengthen its value against other currencies.

Bank closures and the government's decision to force depositors to accept long-term bonds for short-term time deposits triggered a cash crisis that has crippled Argentine business activity.

— Reuters

Brady Debt Plan May Aid Nigeria

LONDON — Nigeria could become the first African nation to benefit from U.S. Treasury Secretary Nicholas Brady's debt-reduction plan if it negotiates a new agreement with the International Monetary Fund this spring, bankers said.

Nigeria's current $584 million standby credit agreement with the fund expires in April. Some have speculated that Nigeria will try for a three-year, extended fund facility of as much as $2.5 billion in the new negotiations.

"They will be looking at what's going on in Latin America and thinking, 'We might like some of that,' " one banker said.

— Reuters

Central Bank Revamping Promised

LUSAKA, Zambia — Jacques Bussieres, a Canadian appointed governor of the Central Bank in December, arrived this week in Lusaka, the capital, and promised to reorganize the bank's operations.

"My role will be to help improve the structure and organization of the Central Bank in order to let it play its full role in the economic policy of the Zambian government and its full role as a central bank," he told Reuters.

President Kenneth Kaunda appointed the Canadian to the post after firing a Zambian citizen, Francis Nkhoma, amid allegations of corruption. Mr. Nkhoma has denied the allegations in court.

— Reuters

Added IMF Aid Expected for Poles

WASHINGTON — The International Monetary Fund will probably consider an extended loan for Poland sometime in the second half of this year, a senior international monetary official said.

The official, who asked not to be identified, said such additional funding for Poland "would make sense." The IMF considers it imperative that international support for Poland be continued, the official said, adding that the IMF stood ready to give whatever aid it could, both financial and technical.

The IMF executive board is expected to approve a $715 million loan for Poland in the next few weeks, an action that will allow additional credits to be made.

The official said the funding slated for Poland this year "appeared adequate for the country's needs." The aid will allow Poland to make up a $3 billion current account deficit expected this year, he said.

The U.S. Treasury announced earlier this week that industrial nations had completed an emergency bridge loan for Poland of as much as $500 million to help cushion the blow of a tough economic austerity program, pending approval of the $715 million IMF credit.

— Reuters

U.S. Banks Lead Global Syndication

Citicorp Is No. 1 as Loans For Takeovers Swell Totals

By JOHN EVANS

LONDON — American banks, bolstered by financings for the flood of U.S. mergers and acquisitions, remained the leading force in global syndicated lending in 1989. And Citicorp again ranked as the single most active bank in arranging such transactions.

A total of $352.4 billion was raised on the international syndicated lending market last year, including about $50 billion of U.S. acquisition and bridge-financing transactions, against $327.9 billion in 1988, according to a compilation by *International Financing Review*, a British financial magazine affiliated with the *American Banker*.

Citicorp acted as lead manager on 100 loans with an aggregate value of $83.66 billion. The money-center bank took a similar No. 1 ranking in 1988, when it syndicated 75 loans valued at $56.2 billion – heading the several hundred banks worldwide that are active in international lending.

Second-ranked for 1989 is Manufacturers Hanover Trust Co., which arranged 93 loans worth $79.56 billion, after taking third position the preceding year.

In what bankers described as an "aggressive" drive in rebuilding its lending business worldwide, Bank of America moved swiftly up the rankings, capturing third place, with 92 loans totaling $63.5 billion. It ranked 13th in 1988.

The provisional IFR data did not break out the volume of loans by each bank that was acquisition-related, but all three attributed part of their high rankings to major buyout financing in the course of the year.

Citicorp's transactions included the $14 billion term loan for Paramount Communications Inc. in its assault on Time Inc. Bankers Trust New York Corp. and Manufacturers Hanover handled the competing $8.4 billion of financing assembled by the media group.

Citicorp's financings also included the $2.3 billion term loan raised by Britain's C.H. Beazer Holdings PLC to acquire Koppers Inc.

Overall, $58 billion of its transactions last year consisted of loans of $1 billion or more, Citicorp officials said.

At Manufacturers Hanover, officials noted it was centrally involved in the $25 billion leveraged buyout by Kohlberg Kravis Roberts of RJR Nabisco Inc.

Bank of America similarly sold to banks overseas participations in buyout deals for Tyson Industries, a transaction totaling $1.4 billion, and for Georgia-Pacific Corp., a $3.2 billion financing.

Bankers believe that, with regulatory warnings in both the United States and Britain over the danger of excessive exposures by banks to highly leveraged transactions, the international syndicated lending markets in 1990 will see a declining volume of corporate restructurings. ■

Top Lead Managers Of Syndicated Loans

(Dollars in billions)

	No. of Loans	Total Volume
Citicorp	100	$83.66
Manufacturers Hanover	93	79.56
Bank of America	92	63.50
Dai-ichi Kangyo	107	62.56
Chase Manhattan	104	62.06
Bankers Trust	59	60.42
Fuji Bank	78	55.99
Sanwa Bank	96	55.00
LTCB	88	53.42
Mitsubishi	75	52.45

Based on full credit to each lead manager.
Source: *International Financing Review*

Bank Syndicate Puts Bond Corp. on Defensive

By JOHN EVANS

LONDON — One of Australia's biggest companies, Bond Corporation Holdings Ltd., is struggling to survive under a debt burden totaling $5 billion and legal action by U.S. and other bank creditors to put part of the business empire into liquidation.

A syndicate of eight lenders, including First National Bank of Boston and Pittsburgh National Bank, has already requested the appointment of receiver-managers for Bond's Australian brewing interests. The syndicate, headed by National Australia Bank Ltd., is owed $580 million. It took action after loan covenants were breached, a spokesman for the banks said.

The bank group includes Hongkong & Shanghai Banking Corp., owner of Marine Midland Bank. The Hong Kong-based bank is the Bond group's largest single creditor, with outstanding loans of about $790 million.

Another syndicate member, Standard Chartered PLC, has total exposure to the Bond group of about $480 million, although the British bank is "content with the security we have against the loans," according to officials in London.

Bond Corp., controlled by entrepreneur Alan Bond, is appealing to the Supreme Court of Victoria in Melbourne to overturn the appointment of receivers to its brewery operations – action that it fears could topple the entire corporation.

The group is concerned that other creditors might follow the lead of the breweries' bankers and call in their loans, officials indicated.

Bond Corp. executive director Peter Lucas was quoted by Reuters as saying: "If other bankers follow, then I am afraid that the battle by Bond executives to pursue an orderly disposition of its assets will run into a series of barriers which may just be too much for us."

Bond's lawyers asked the Melbourne court earlier this week to complete any cross-examination of Bond Corp. director Peter Mitchell as quickly as possible to allow him to fly to New York to meet U.S. creditors on Friday.

Other U.S. investors who hold Bond debentures worth about $630 million, issued for a corporate acquisition in 1985, account for most of the rest of the breweries' debt of about $1.2 billion.

The breweries were due to make a $52 million interest payment to American investors on Dec. 31. Bond Corp. said that, although it had the money ready, the bank syndicate blocked payment. ■

Key International Rates *

	Day-to-day money			3-mo. interbank			6-mo. interbank			Discount rate			Prime equivalent		
	1/04	1/03	12/28	1/04	1/03	12/28	1/04	1/03	12/28	1/04	1/03	12/28	1/04	1/03	12/28
United States	8.37	8.50	8.62	8.37	8.37	8.37	8.37	8.31	8.31	7.00	7.00	7.00	10.50	10.50	10.50
Japan	6.50	6.37	6.50	7.00	7.06	6.87	7.06	7.12	6.93	4.25	4.25	3.75	4.87	4.87	4.87
Canada	11.68	12.18	12.25	12.12	12.18	12.25	11.93	11.87	11.93	12.47	12.47	12.47	13.50	13.50	13.50
U.K.	15.12	15.12	15.12	15.12	15.18	15.12	15.00	15.06	15.00	14.47	12.47	14.46	15.00	15.00	15.00
West Germany	8.00	8.25	8.31	8.62	8.68	8.37	8.75	8.75	8.50	6.00	6.00	6.00	9.50	9.50	9.50
Switzerland	10.37	10.12	9.50	9.50	9.56	9.12	9.31	9.31	8.81	6.00	6.00	6.00	8.50	8.50	8.50
France	11.18	11.18	11.12	11.68	11.75	11.31	11.75	11.75	11.43	9.50	9.50	9.50	10.50	10.50	10.50
Italy	12.12	12.50	13.37	12.93	12.87	12.93	13.12	13.00	13.00	13.50	13.50	13.50	14.00	14.00	14.00

Forward Rate Agreements

	U.S. dollars	Sterling	West German marks	Swiss francs	Yen
3 to 6 months	8.10	14.42	8.61	8.87	6.93
6 to 12 months	8.11	13.53	8.45	8.50	6.77
12 to 24 months	8.64	12.54	8.24	7.95	6.50

* Midday quotes in the New York market
Source: Noonan, Astley & Pearce Inc., New York.

COMMENT

Plains Indians Inspire Training Program

By SUE MIZE
Vice President
Citizens Fidelity Bank

THE Lincoln Savings and Loan scandal is almost as confusing as the Abbott and Costello "Who's on First?" routine. It's hard to tell where the players are and what they did or did not do.

As best I can tell: Keating is blaming Gray; Gray is blaming Wall and some senators; Wall is blaming Gray and the San Francisco regulators; the senators are blaming the Greenspan study and the federal regulators; and the federal regulators are blaming an accounting firm.

I couldn't help but notice that nobody said, "The buck stops here." Where is Harry Truman when we need him?

But the buck has got to stop somewhere. Maybe it should stop with our 1980s' culture, summed up by the bumper sticker "He who dies with the most toys wins."

This attitude is pervasive and best exemplified by a television commercial showing a driver of a Mercedes dejected and ashamed because he has been left at a red light by the driver of a Rolls-Royce. A culture that bombards us with these kinds of messages has to assume some responsibility when we lie, cheat, and steal in order to live up to its expectations.

It might not be so bad if we could achieve fulfillment by living up to these expectations and possessing all the right toys. But we can't. The culture is lying to us, and those lies are making us physically, mentally, and morally ill.

We need to ask ourselves, Would we rather be working on collecting meaningless toys that, in the end, make us feel insecure, or would we rather be working on making our spirits whole?

Compare what our culture tells us with what the Plains Indians' culture told its members. The following is from Hyemeyohsts Storm's book, "Seven Arrows":

"Our spirit can be made whole only through the learning of our harmony with all our brothers and sisters and with all the other spirits of the Universe. To do this we must learn to seek and to perceive.

"The Vision Quest is the way we must begin this search. We must all follow our Vision Quest to discover ourselves, to learn how we perceive ourselves, and to find our relationship with the world around us."

After we make this comparison, we need to ask ourselves, Would we rather be working on collecting meaningless toys that, in the end, make us feel insecure, or would we rather be working on making our spirits whole?

At Citizens Fidelity Bank we think the Plains Indians were onto something important. So we are offering developmental workshops that allow people to make their vision quest.

One workshop helps people clarify their value systems. Several others allow participants to find out how they perceive themselves and how they are perceived by others. In another, participants discover the particular defenses they use ineffectively and unnecessarily to protect themselves.

There is a workshop in which employees complete a rope adventure course 30 feet off the ground. At that height they discover the exhilaration that comes with facing fears. In still another, participants complete an obstacle course on the ground with team members. The experience is one of warmth, security, and the connectedness that comes from being in harmony with others.

In each of these workshops the participants gain self-awareness, self-respect, and the courage to continue their own individual quest.

If your bank isn't offering developmental workshops like these, request them from your training director. In the meantime, start your own program. See Woody Allen's new movie, "Crimes and Misdemeanors" and read Carol Pearson's book "The Hero Within." Then talk to your friends about your quest instead of your toys.

If enough of us do this, we will create a culture free of Lincoln Savings and Loan look-alike scandals. After all, eventually the buck stops with us. ■

Ms. Mize is manager of training and development at Citizens Fidelity Bank, Louisville, Ky.

Funny Money

By TOM LEANDER

James Jones

Cabbie's Tip

Apparently relying on raw nerve rather than flawless planning, a bandit in Albany, N.Y., asked a cabbie to take him to a branch of First American Bank last Friday, then told the driver to wait at a nearby site while he robbed the bank.

After the bandit hopped out, driver Carl Olson Jr. immediately drove to the nearest phone booth and tipped off the police, who sped to First American. But they were too late: the bandit had disappeared after robbing the bank of $10,000; he told a teller he had a concealed weapon. Police are still searching for the robber.

° ° °

Superlative

The New York-based investment banking group of Japan's Mitsui Bank Ltd. pushed hard last year to enter the U.S. asset-backed and mortgage-backed securities market. It may have learned a lesson or two in Madison Avenue hyperbole in the process.

Masayoushi Abi, a senior vice president who runs the U.S. group, says the bank is actively marketing products dubbed Super CMOs and Super ABs to its clients.

How do they differ from traditional collateralized mortgage obligations and consumer-receivable-backed securities?

"They don't," Mr. Abi said. "But it sounds nice."

° ° °

More Chills and Thrills

In 1989, it seemed that everyone had plenty to worry about when it came to the nation's thrifts.

And the troubles are not over yet.

According to Alan Caruba, a journalist and public relations man who founded an organization last year dubbed the National Anxiety Center, there's enough trouble left in thrifts to give the nation fits well into the 1990s.

In a statement to the press on New Year's Day, Mr. Caruba rated problems created by irresponsible thrift officers alongside such other continuing causes of woe as computer viruses, junk bonds, cruise missiles, and Mediterranean fruit flies.

° ° °

Room Service

While the federal government has not had a stellar record regulating thrifts and banks, it may have found a niche where it can compete toe to toe with private entrepreneurs.

Contrary to what the former owners of the Phoenician Hotel in Scottsdale,

Under new management

Ariz., are saying, the government appears to be doing an adequate job of running the 130-acre, 600-plus-room resort.

Bookings are up since the Resolution Trust Corp. seized 55% control of the hotel in November and eventually booted out manager Charles H. Keating Jr., according to Alan Whitney, a spokesman for the agency. Mr. Keating lost the hotel as a result of the April collapse of his California thrift, Lincoln Savings and Loan Association.

Mr. Whitney said the hotel is 85% to 90% occupied and that bookings will be up in January, February, and March.

Employees of Mr. Keating say some big groups have canceled meetings at the hotel since their boss lost control.

"We're aware of no cancellations," said Mr. Whitney. He said conventioneering Mercedes Benz dealers sent the hotel a letter recently congratulating it on improved service.

— Jim McTague

° ° °

Got an offbeat tale to tell? Send it to "Funny Money," c/o Tom Leander, American Banker, One State Street Plaza, New York, N.Y. 10004.

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